

Sent: 12/06/06, 11:22 AM

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Confirmed: TBPOC Conference Call

Requested by: The PMT

Purpose: Provide an update on the Submarine Cable bids

Date / Time: Tuesday, December 19 / 1:30 - 2:00 PM.

Dial-In Number: 1(877) 290-1337

Conference Code: 28126150#

Beatriz G. Lacson
Clerk of the TBPOC
Office: (415) 281-2615

Memorandum

TO: Toll Bridge Program Oversight Committee (TBPOC) **DATE:** December 19, 2006

FR: PMT

RE: Agenda No. - 1
Oakland Touchdown (OTD)
Item - Submarine Cable Contract

On Monday, December 18, 2006, Caltrans opened five bids each for the 1 cable and 2 cable relocation contracts for a total of ten bids. Two bids (one from Kerite on the 1 cable contract and one from PG&E on the 2 cable contract) did not have bids but included just pre-qualification submittals. In a December 18, 2006 letter (attached), PG&E acknowledged that its bid is not responsive but asks that all other bids be rejected and its proposal be considered. Remaining bid results and required funding actions are tabulated in the attachment to this memorandum.

Cost:

For 2 Cable Contract

- Bids ranged from \$9.7 to \$17.7 M resulting in estimated budget allotments of 11.6 to 20.4 M.
- Sufficient SRP funds have been allocated by BATA to award the lowest bid (\$9.7 M), but will need to be supplemented if higher bids are awarded.
- For the 2 Cable Contract, TIDA has authorization from the SFPUC to spend an additional \$5.0 M to cover 2 cable bids higher than \$6.6 M. TIDA will be notified by Tuesday, December 19th of the bid results and per the Cooperative Utility Agreement (CUA), will have 10 working days (January 4, 2007) to respond back to Caltrans on whether TIDA will provide the additional funds to award the contract. TIDA's authority will allow award of 1st, 2nd, or 3rd lowest bids for the 2 cable contract. TIDA may need final SFPUC or SF Supervisor approval on January 9, 2007 to finalize their allocation of funds.
- Furthermore, additional funds may need to be allocated by TIDA to cover capital outlay support costs for the project that is yet to be fully determined.

For 1 Cable Contract

- Bids ranged from \$7.0 to \$11.9 M resulting in estimated budget allotments of \$8.6 to \$14.0 M.
- Sufficient SRP funds have been allocated to award the lowest two bids (\$7.0 and \$7.5 M), but will need to be supplemented if higher bids are awarded.

Schedule Impacts:

Submarine cable relocation work will overlap with OTD1 construction, order-of-work specification language will need to be added to OTD1 contract to minimize potential schedule impacts. Caltrans is in the process of reviewing the bids to determine responsiveness to supplying cable and performing the work within the project schedule. SF/TIDA has ten working days to respond on whether to allocate additional funds to a 2 cable contract.

Recommendation:**For 2 Cable Contract**

- Subject to additional funds from TIDA and a responsiveness determination, it is recommended that Caltrans award to one of the three lowest 2 cable bidders.
- While sufficient SRP funds have been allocated to award the low bid, it is recommend that BATA allocate an additional contingent \$600,000 in case the lowest bid is determined to be non-responsive. \$600,000 would be sufficient to award the 2nd and 3rd lowest bidders. BATA would need to take action on December 20, 2006 to not delay the project. The BATA loan to TIDA will remain \$3.4 M.
- PMT should reevaluate the order-of-work work-around specification language in OTD1 to minimize project risks.
- PMT should pursue potential environmental work-arounds with environmental regulatory agencies to minimize project risks if work is not completed in current work window.

For 1 Cable Contract

- Subject to not awarding a 2 cable contract and a responsiveness determination, it is recommended that Caltrans award to one of the three lowest 1 cable bidders.
- While sufficient SRP funds have been allocated to award the 1st and 2nd lowest bids, it is recommend that BATA allocate an additional contingent \$1,000,000 in case the 1st and 2nd lowest bids are determined to be non-responsive. \$1,000,000 would be sufficient to award the 2nd and 3rd lowest bidders. BATA would need to take action on December 20, 2006 to not delay the project.
- PMT should pursue potential environmental work-arounds with environmental regulatory agencies to minimize project risks if work is not completed in current work window.

Attachment(s):











- **Submarine Cable Bids and Required Funding Actions**
- **PG&E Letter of December 18, 2006**

ATTACHMENT
Submarine Cable Bids and Required Funding Actions

2 Cable Scenarios (Current Allocation/Budget = \$9.6 M, including \$6.2 BATA SRP funds and \$3.4 M BATA Loan to TIDA)									
Contractor	Bid	Estimated Allotment Budget	BATA Action Required	Additional BATA Funding	Total BATA Share	SF Action Required?	Additional SF Funding	BATA Loan to SF	Total SF Share
1. Manson Construction	\$ 9,679,181	\$ 11,551,000	No	\$ -	\$ 5,551,660	Yes	\$ 2,599,340	\$ 3,400,000	\$ 5,999,340
2. Power Engineering Contractors	\$ 11,953,760	\$ 14,053,000	Yes	\$ 560,126	\$ 6,760,126	Yes	\$ 3,892,874	\$ 3,400,000	\$ 7,292,874
3. CEC	\$ 11,977,000	\$ 14,079,000	Yes	\$ 572,684	\$ 6,772,684	Yes	\$ 3,906,316	\$ 3,400,000	\$ 7,306,316
4. Helix Electrical	\$ 17,748,000	\$ 20,427,000	Yes	\$ 3,638,768	\$ 9,838,768	Yes	\$ 7,188,232	\$ 3,400,000	\$ 10,588,232
5. PG&E	No Bid	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1 Cable Scenarios (Current Allocation/Budget = \$9.6 M)				
Contractor	Bid	Estimated Allotment Budget	BATA Action Required	Additional BATA Funding
1. Manson Construction	\$ 7,024,025	\$ 8,488,000	No	\$ -
2. Power Engineering Contractors	\$ 7,588,338	\$ 9,108,000	No	\$ -
3. CEC	\$ 8,977,000	\$ 10,636,000	Yes	\$ 1,036,000
4. Helix Electrical	\$ 11,884,000	\$ 13,834,000	Yes	\$ 4,234,000
5. Kerite	No Bid	n/a	n/a	n/a

Submarine Cable Contract Action Schedule

Bid Amount for Two Cable Contract	Dec 18 M	Dec 19 T	Dec 20 W	Dec 21 T	Dec 22 F	Dec 23 S	Dec 24 S	Dec 25 M	Dec 26 T	Dec 27 W	Dec 28 T	Dec 29 F	Dec 30 S	Dec 31 S	Jan 1 M	Jan 2 T	Jan 3 W	Jan 4 T	Jan 5 F	Jan 6 S	Jan 7 S	Jan 8 M	Jan 9 T	Jan 10 W	
Caltrans Actions		Caltrans Opens Bids																							
		 TBPOC Meeting to Discuss Bids																							
		 Caltrans Informs BATA and SF Bid Results and Any Fund Needs																							
		Caltrans Conducts Responsiveness Review of Bids (2 wks)																							
BATA Actions		Caltrans Formally Informs BATA Of High Bid Results and Requests Additional Funds from BATA																							
		 BATA Votes On Additional Funds Contingent On Additional SF Funding, Else Go to Single Cable Option																							
TIDA/SFPUC Actions		Caltrans Formally Informs SF Of High Bid Results and Requests SF Decision On Whether to Award																							
		Per CUA, SF Reponse Period For Awarding High Bid (10 working days)																							
		SF Informs Caltrans on Whether to Award High Bid And Funding Commitment																							
		If SF Doesn't Fund High Bid, Go to Single Cable Option																							
		If SF Committed To High Bid, SF Votes on Funds																							
		Caltrans Awards Contract, Subject to Responsiveness and Funding																							

Bid Amount for One Cable Contract	Dec 18 M	Dec 19 T	Dec 20 W	Dec 21 T	Dec 22 F	Dec 23 S	Dec 24 S	Dec 25 M	Dec 26 T	Dec 27 W	Dec 28 T	Dec 29 F	Dec 30 S	Dec 31 S	Jan 1 M	Jan 2 T	Jan 3 W	Jan 4 T	Jan 5 F	Jan 6 S	Jan 7 S	Jan 8 M	Jan 9 T	Jan 10 W
Caltrans Actions	◆	Caltrans Opens Bids																				January 5, 2007 Award (tentative)		
	◆	TBPOC Meeting to Discuss Bids																						
	◆	Caltrans Informs BATA Bid Results and Any Fund Needs																						
	Caltrans Conducts Responsiveness Review of Bids (2 wks)																							
	◆	BATA Meeting to Discuss Results of Bids																						
	Caltrans Awards Contract, Subject to Responsiveness and Funding																				◆			



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December 18, 2006

Commissioner Jon Rubin, Chair
Metropolitan Transportation Commission
101 Eight Street
Oakland, CA 94607

Dear Commissioner Rubin:

PG&E understands that your Commission will again be asked to make a decision regarding the contract to install submarine cables to Treasure Island at the Bay Area Toll Authority Meeting on December 20, 2006. PG&E believes it would be prudent for Caltrans to avoid virtually all of the expense of the proposed cable relocation project by accepting PG&E's offer to construct the project **at no cost** to the State of California. The recent approval of Propositions 1A and 1B by voters in California reinforces the basic premise of PG&E's proposal that transportation dollars should go to transportation projects.

I am writing this letter to provide context for your Commission's consideration of PG&E's alternative proposal submitted in response to Caltrans Invitation for Bids and discussed briefly at the Bay Area Toll Authority Oversight Committee meeting on December 13, 2006. As I have mentioned, PG&E has the obligation and right, under California law and regulation, to provide service to Treasure Island. This proposal is consistent with those rights and obligations.

PG&E developed the basic outline of its proposal after it was revealed that the initial submarine cable bid process failed to produce an acceptable proposal. As was discussed at the BATA Oversight Committee meeting on October 25, 2006, the single proposal received was rejected due to its high cost and unacceptable schedule for completion. I attended this meeting for PG&E and, after listening to the concerns, offered to have PG&E construct the entire project. The message I received from the discussion at that meeting was that PG&E was free to submit a proposal as part of the next competitive solicitation process.

Following this meeting, PG&E contacted submarine cable manufacturers and installation contractors world-wide to assess the feasibility of offering a proposal that would complete the cable installation on the original schedule at a reasonable cost. PG&E was successful in identifying contractors that could potentially meet the original schedule. After Caltrans issued its revised submarine cable Invitation for Bids in late November 2006, PG&E updated its proposal and confirmed the cost and schedule feasibility before providing it to Caltrans in our December 12, 2006 letter.

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The key features of PG&E's proposal are:

- PG&E will install, own and operate the cable system. Two cables will be installed at PG&E's expense without reimbursement from Caltrans.
- PG&E will assume all cost overrun risk.
- PG&E will provide service to the Navy and its successors or future electricity providers on Treasure Island.
- PG&E will work under existing Caltrans bay construction permits and comply with all environmental impact mitigation measures applicable to the cable installation or have the necessary permits transferred to PG&E.
- PG&E will work diligently to achieve an operational date of September 30, 2007 for the cable system provided the cable order can be placed before December 31, 2006.
- PG&E will accept the construction delay penalties outlined in Caltrans specification pending agreement on reasonable force majeure provisions.

PG&E believes the two critical path items are placing the cable order and obtaining the necessary construction permits. I have received approval from PG&E's Chief Executive Officer to place the cable order immediately upon confirming that PG&E's proposal has been accepted. PG&E also believes that the permit issues can be resolved quickly if we can begin work cooperatively with Caltrans immediately upon acceptance of PG&E's proposal. Further, PG&E has been in contact with the Navy and received a positive response to our proposal to negotiate service arrangements for Treasure Island.

PG&E attempted to discuss this proposal with Caltrans and the Metropolitan Transportation Commission staff at a meeting on December 15, 2006 but were advised at the meeting that the proposal could not be discussed since the competitive solicitation was in progress. PG&E concluded that the only way for its proposal to be given serious consideration is to submit a formal proposal in the competitive solicitation process. This is unfortunate because PG&E's proposal is really an alternative approach and not what was envisioned in the specification tendered for bid. However, PG&E believes its alternative approach will address a number of the concerns identified with the submarine cable installation project to date and should be considered on its merits.

At the time this letter was prepared, Caltrans had not opened the bids received in response to its competitive solicitation process so PG&E does not know how its proposal compares with others submitted. Due to the non-conforming nature of PG&E's proposal, it may be deemed by Caltrans unresponsive on its face. I am writing this letter now to describe PG&E's proposal and the rationale for why PG&E has pursued the current path for consideration of its proposal.

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I again plan to represent PG&E at the BATA Meeting on December 20, 2006 to present PG&E's proposal and answer any questions. If there are any questions in the meantime, please contact me at (415) 973-6998. Thank you in advance for your consideration.

Sincerely,



Kevin J. Dasso

cc: Wil Kempton, Executive Director, Caltrans
Steve Heminger, Executive Director, MTC
Members, Metropolitan Transportation Commission
Board Members, Treasure Island Development Authority